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NPIC/TSG/RED-044-70

5 October 1970

MEMORANDUM FOR THE RECORD

SUBJECT: Termination of Contract [] --Chip System Implementation Study

1. Culminating several meetings with the Chip Task Team members and Group Chiefs, a briefing was held in the Beige Room on 25 September 1970 to present to [] the decisions and recommendations concerning continuation or termination of the subject study. Attendees at this briefing were as follows:

2. [] presented the background and current status of the program, offered various options for continuation by providing considerations for implementation, and gave comparisons and alternative solutions. This was followed by an IEG position presentation by [] which showed that although chips could be used by some branches in the various divisions, second generation dupe roll film was required in the majority of cases (chips would be third generation DP made from a RDN) to prevent oversight, to pick up bonus targets, and to furnish the highest resolution. IEG also felt that the cost effectiveness of the system (implementation and operating costs versus man-hours saved) did not justify continuation of the program. The PSG opinion presented by [] was that they did not concur in continuance of the program due to the impact across all divisions

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in additional manpower requirements, photo lab space modifications required, and that estimated equipment costs did not justify implementation.

3. After the presentations, [] IAS, of their desires. He stated that IAS was in favor of the system and could use it to a very great advantage as a supplement to their single dupe positive roll material. Alternative solutions, such as installation at Bridgehead or an interim installation at less cost, were also discussed and discarded.

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4. Concluding the meeting, [] made the decision to terminate the contract immediately. This, in effect, will save the government approximately [] in unexpended contract funds plus [] overrun money planned to carry the contract through 30 December 1970.

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